

NOTICE OF SPECIAL MEETING

TO THE MEMBERS OF THE CITY COUNCIL OF THE CITY OF AUSTIN:

Notice is hereby given that a Special Meeting of the City Council of the City of Austin will be held on the 11th day of August, 1959, at the Municipal Building, Eighth and Colorado, in Austin, Texas, at 2:30 P.M. for the purpose of hearing the Telephone Company present statements in answer to DR. ROBERT MONTGOMERY'S Report to the Council on August 5th.

(Sgd) Elsie Woosley
City Clerk

(Sgd) Tom Miller
Mayor
City of Austin, Texas

ATTEST:

(Sgd) Elsie Woosley
City Clerk

CONSENT TO MEETING

We, the undersigned members of the City Council, hereby accept service of the foregoing notice, waiving any and all irregularities in such service and such notice, and consent and agree that said City Council shall meet at the time and place therein named, and for the purpose therein stated.

(Sgd) Edgar H. Perry, III

(Sgd) Ben White

MINUTES OF THE CITY COUNCIL

CITY OF AUSTIN, TEXAS

Special Meeting

August 11, 1959
2:30 P.M.

Council Chamber, City Hall

The meeting was called to order with Mayor Miller presiding.

Roll call:

Present: Councilmen Perry, White, Mayor Miller

Absent: Councilmen Bechtol, Palmer (as they were out of the city)

Present also: W. T. Williams, Jr., City Manager; Doren R. Eskew, City Attorney.

The Mayor announced that this meeting was called to hear the Telephone Company present statements in answer to DR. ROBERT MONTGOMERY'S report to the Council on August 5th.

MR. ED CLARK, local Attorney for the Southwestern Bell Telephone Company, thanked the Council for the privilege of coming back to answer Dr. Robert Montgomery's statements, and stated the Company had expert witnesses to appear this afternoon.

(Transcript of this hearing made by regular court reporter)

MR. ED GOSSETT, General Counsel, Southwestern Bell Telephone Company, discussed directory advertising as to whether or not it should be included in the revenues for Austin; the fair value of property on which a fair rate of return should be allowed; the bookkeeping and accounting procedures used which have been approved, and which are constantly being examined by the F.C.C., F.P.C., Rate Making Commissions, etc.; the three types of depreciation referred to in Dr. Montgomery's report; and the separation procedures used by the Company.

MR. WHITNEY R. HARRIS, General Solicitor, put on the technical testimony with sworn witnesses, MR. HOWARD T. COX, C.P.A., and President of the Capital National Bank; and MR. HOUSTON CASKIE, Assistant Treasurer of the Telephone Company. Mr. Harris, in connection with the testimony, filed the following exhibits:

EXHIBIT NO. 2 - Photostatic copy of TABLE VII, Southwestern Bell Telephone Company Dividends per Share in Dollars
(From Dr. Montgomery's Report)

- EXHIBIT NO. 1 - Photostatic copies of Pages 158 and 878 of MOODY'S PUBLIC UTILITY MANUAL of 1951 and 1958 respectively.
- EXHIBIT NO. 3 - Photostatic copies of Pages 157 and 877 of MOODY'S PUBLIC UTILITY MANUAL of 1951 and 1958 respectively.
- EXHIBIT NO. 4 - Photostatic copy of "OUTSIDE FINANCING OF SOUTHWESTERN BELL TELEPHONE COMPANY, 1956-58.

Mr. Harris continued the technical testimony offered by MR. FRANK GENULL, Traffic Rate and Revenue Supervisor, who discussed separation procedures; and by MR. J. BEN BLANTON, Inventory and Cost Engineer, who discussed how he arrived at the figure of the value of the property, and who also submitted information on the labor rates. MR. ED CLARK Submitted the following Exhibit:

- EXHIBIT NO. 5 - Photostatic copy of "SOME PERTINENT FACTS REGARDING THE TELEPHONE COMPANY'S EXPERIENCE SINCE LAST RATE ADJUSTMENT"

MR. HENRY PERRY, Chief Supervising Accountant, testified on changes that had occurred since the application for a new rate schedule had been filed which affected the company's status, and discussed the company's financing. The following Exhibit was submitted:

- EXHIBIT NO. 6 - "BELL SYSTEM COST OF EQUITY CAPITAL."

There being no further business, the Council adjourned at 6:00 P.M., subject to the call of the Mayor.

APPROVED

Tom Miller

Mayor

ATTEST:

Elvis Hooley
City Clerk